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United States Department of the Interior



OFFICE OF SURFACE MINING
Reclamation and Enforcement
Western Region Office
1999 Broadway, Suite 3320
Denver, CO 80202-3050

OCT 11 2012

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DIV. OF OIL, GAS & MINING

John Baza, Director
Department of Natural Resources
Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

RE: Phase III Bond Release, Castle Gate Holding Company, Castle Gate Mine, C/007/0004, Task #4153, DOGM Proposed Decision and Findings of Compliance, September 5th, 2012

Dear Mr. Baza:

This letter acknowledges the Office of Surface Mining (OSM), Denver Field Division's (DFD) receipt and review of the above Phase III Bond Release Decision Document prepared by the Division of Oil, Gas, and Mining (DOGM) dated September 5th, 2012. DFD agrees with the findings and Decision Document and hereby provides OSM concurrence for the above bond release action in accordance with 30 CFR 740.15 (d) (3), and 30 CFR 906.30, Article IX, Section 24, of the State-Federal Cooperative Agreement.

DOGM's Proposed Decision documents the applicant's compliance with the Utah approved regulatory program at Rule R645-301-880.

This Phase III bond release request applies to 57.44 acres, broken down as follows:

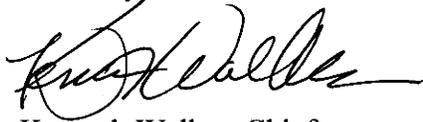
- 38.28 acres – Hardscrabble Canyon (does not include .72 acres associated with the substation)
- 19.16 acres – Sowbelly Canyon (does not include 1.84 acres associated with the substation)

OSM finds that Castle Gate holding Company has met or exceeded the requirements for Phase III bond release on these 57.44 acres of land described above. DOGM currently holds a performance bond in the amount of \$490,100. PMC is requesting a \$263,500 reduction in this bond. DOGM has determined that the remaining bond amount of \$226,600 (in 2014 dollars) is sufficient to complete all remaining reclamation obligations at this site if the work had to be completed by a third party contractor. The Bureau of Land Management has concurred with this finding in a letter dated October 1, 2012. OSM also concurs with DOGM's decision.



Thank you and your staff for coordinating this Federal mine bond release action through the DFD. Please direct any questions concerning this action to Daniel MacKinnon, Natural Resources Specialist, at dmackinnon@osmre.gov or (303) 293-5011.

Sincerely,



Kenneth Walker, Chief
Denver Field Division

cc: Daron Haddock, DOGM
Castle Gate Holding Company

